

tion 13114(d) of Pub. L. 103-66, set out as an Effective Date of 1993 Amendment note under section 1016 of this title.

§ 1045. Rollover of gain from qualified small business stock to another qualified small business stock

(a) Nonrecognition of gain

In the case of any sale of qualified small business stock held by a taxpayer other than a corporation for more than 6 months and with respect to which such taxpayer elects the application of this section, gain from such sale shall be recognized only to the extent that the amount realized on such sale exceeds—

(1) the cost of any qualified small business stock purchased by the taxpayer during the 60-day period beginning on the date of such sale, reduced by

(2) any portion of such cost previously taken into account under this section.

This section shall not apply to any gain which is treated as ordinary income for purposes of this title.

(b) Definitions and special rules

For purposes of this section—

(1) Qualified small business stock

The term “qualified small business stock” has the meaning given such term by section 1202(c).

(2) Purchase

A taxpayer shall be treated as having purchased any property if, but for paragraph (3), the unadjusted basis of such property in the hands of the taxpayer would be its cost (within the meaning of section 1012).

(3) Basis adjustments

If gain from any sale is not recognized by reason of subsection (a), such gain shall be applied to reduce (in the order acquired) the basis for determining gain or loss of any qualified small business stock which is purchased by the taxpayer during the 60-day period described in subsection (a).

(4) Holding period

For purposes of determining whether the nonrecognition of gain under subsection (a) applies to stock which is sold—

(A) the taxpayer’s holding period for such stock and the stock referred to in subsection (a)(1) shall be determined without regard to section 1223, and

(B) only the first 6 months of the taxpayer’s holding period for the stock referred to in subsection (a)(1) shall be taken into account for purposes of applying section 1202(c)(2).

(5) Certain rules to apply

Rules similar to the rules of subsections (f), (g), (h), (i), (j), and (k) of section 1202 shall apply.

(Added Pub. L. 105-34, title III, §313(a), Aug. 5, 1997, 111 Stat. 841; amended Pub. L. 105-206, title VI, §6005(f), July 22, 1998, 112 Stat. 806.)

AMENDMENTS

1998—Subsec. (a). Pub. L. 105-206, §6005(f)(1), in introductory provisions, substituted “a taxpayer other than

a corporation” for “an individual” and “such taxpayer” for “such individual”.

Subsec. (b)(5). Pub. L. 105-206, §6005(f)(2), added par. (5).

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE

Section applicable to sales after Aug. 5, 1997, see section 313(c) of Pub. L. 105-34, set out as an Effective Date of 1997 Amendment note under section 1016 of this title.

PART IV—SPECIAL RULES

Sec.	
1051.	Property acquired during affiliation.
1052.	Basis established by the Revenue Act of 1932 or 1934 or by the Internal Revenue Code of 1939.
1053.	Property acquired before March 1, 1913.
1054.	Certain stock of Federal National Mortgage Association.
1055.	Redeemable ground rents.
[1056, 1057. Repealed.]	
1058.	Transfers of securities under certain agreements.
1059.	Corporate shareholder’s basis in stock reduced by nontaxed portion of extraordinary dividends.
1059A.	Limitation on taxpayer’s basis or inventory cost in property imported from related persons.
1060.	Special allocation rules for certain asset acquisitions.
1061.	Cross references.

AMENDMENTS

2004—Pub. L. 108-357, title VIII, §886(b)(1)(B), Oct. 22, 2004, 118 Stat. 1641, struck out item 1056 “Basis limitation for player contracts transferred in connection with the sale of a franchise”.

1997—Pub. L. 105-34, title XI, §1131(c)(5), Aug. 5, 1997, 111 Stat. 980, struck out item 1057 “Election to treat transfer to foreign trust, etc., as taxable exchange”.

1986—Pub. L. 99-514, title VI, §641(b), title XII, §1248(b), Oct. 22, 1986, 100 Stat. 2283, 2584, added items 1059A and 1060 and renumbered former item 1060 as 1061.

1984—Pub. L. 98-369, div. A, title I, §53(d), July 18, 1984, 98 Stat. 568, added item 1059 and renumbered former item 1059 as 1060.

1978—Pub. L. 95-345, §2(d)(2), Aug. 15, 1978, 92 Stat. 483, added item 1058 and renumbered former item 1058 as 1059.

1976—Pub. L. 94-455, title II, §212(a)(2), title X, 1015(c), Oct. 4, 1976, 90 Stat. 1546, 1618, added items 1056 and 1057 and renumbered former item 1056 as 1058.

1963—Pub. L. 88-9, §1(d), Apr. 10, 1963, 77 Stat. 8, added item 1055 and renumbered former item 1055 as 1056.

1960—Pub. L. 86-779, §8(c), Sept. 14, 1960, 74 Stat. 1003, renumbered former item 1054 as 1055 and added new item 1054.

§ 1051. Property acquired during affiliation

In the case of property acquired by a corporation, during a period of affiliation, from a corporation with which it was affiliated, the basis of such property, after such period of affiliation, shall be determined, in accordance with regulations prescribed by the Secretary, without regard to inter-company transactions in respect of which gain or loss was not recognized. For purposes of this section, the term “period of affiliation” means the period during which such cor-